



CALIFORNIA STATE PUBLIC WORKS BOARD

ARNOLD SCHWARZENEGGER, GOVERNOR

915 L STREET ■ NINTH FLOOR ■ SACRAMENTO CA ■ 95814-3706 ■ (916) 445-9694

STATE PUBLIC WORKS BOARD

January 12, 2007

MINUTES

PRESENT:

Mr. Mike Genest, Director, Department of Finance
Mr. Will Bush, Interim Director, Department of General Services
Ms. Cindy McKim, Deputy Director, Department of Transportation
Ms. Cindy Aronberg, Deputy Controller, State Controller's Office
Mr. Francisco Lujano, Deputy Treasurer, State Treasurer's Office

ADVISORY MEMBER:

Mr. Patrick W. Henning, Director, Employment Development Department

LEGISLATIVE ADVISORS:

Assembly Member
Assembly Member
Assembly Member
Senator
Senator
Senator

STAFF PRESENT:

Karen Finn, Assistant Administrative Secretary
Theresa Gunn, Assistant Administrative Secretary
Brian Dewey, Assistant Administrative Secretary
Teresa Bierer, Assistant Administrative Secretary
Henry Nanjo, Counsel to the Public Works Board
Christina Ahn, Budget Analyst
Matt Schuller, Budget Analyst
Jared Ingram, Budget Analyst
Maria Lo-Aoyama, Budget Analyst
Chris Sanford, Secretary to the Public Works Board

OTHERS PRESENT:

Warren Westrup, Department of Parks and Recreation
Liz Steller, Department of Parks and Recreation
Debra Hampton, Department of Corrections and Rehabilitation
Liz Yokoyama, Department of General Services
David Wrightsman, Department of Parks and Recreation
Gisele Corrie, Administrative Office of the Courts

Tiffany Connelly, State Treasurer's Office
George Filds, Department of General Services
Jett Peek, Department of General Services
Sabrina Winn, Department of General Services
Karen Frankel, Trust for Public Land
Darlene Masten, Department of Corrections and Rehabilitation

CALL TO ORDER AND ROLL CALL:

Mr. Mike Genest, Chairperson of the SPWB and Chief Counsel for the Department of Finance, called the meeting to order at 10:04 a.m. Ms. Karen Finn, Administrative Secretary for the State Public Works Board, called the roll. A quorum was established.

The first order of business was approval of the Minutes from the December 8, 2006 meeting.

A motion was made by Mr. Bush and Second by Ms. McKim to approve the Minutes from the December 8, 2006 meeting.

The Minutes were approved by a 5-0 vote.

BOND ITEMS:

Ms. Finn reported that there was one Bond Item for consideration. Bond Item #1 was for the Administrative Office of the Courts' project for a *New Courthouse* in Orange County. The requested action would adopt a resolution authorizing actions to be taken to provide for interim financing and the sale of lease revenue bonds consistent with increased project authority. Ms. Finn noted for the record that this loan was being approved earlier than our normal process. The state does not have title to the property as the City of Santa Ana was behind in the site preparation work that they agreed to do. The AOC was aware of the risk, that is, if for some reason, the property was to never transfer title the AOC's support budget would be on the hook to repay any outstanding expenditures that would be incurred at the time. Staff recommended approval and adoption.

A motion was made by Ms. Aronberg and Second by Mr. Bush to approve Bond Item #1. Bond Item #1 was approved by a 5-0 vote.

CONSENT CALENDAR:

Ms. Finn first noted that Consent Item #9 had been pulled from the agenda to allow the Legislature further time for review. The revised Consent Calendar covered items numbered 2 through 8 and 10 through 15.

(Consent Items #2 - #8 & #10 - #15) In summary these items proposed:

- 3 requests to authorize acquisition [2,6,10]
- 1 request authorize acquisition and authorize acquisition of real property through the acceptance of a gift [3]
- 1 request authorize acquisition and authorize acquisition of real property through the acceptance of a no cost acquisition [4]
- 3 requests to authorize site selection [5,7,8]
- 1 request to approve augmentation contingent upon expiration of a 20-day letter without comment on January 16, 2007 [11]

- 1 request to approve preliminary plans and recognize anticipated deficit [12]
- 3 requests to approve preliminary plans [13,14,15]

There was **one** 20-day letters for this agenda.

(LETTER 1)

The letter was for Consent Item # 11, Department of Corrections and Rehabilitation's project titled '*Deuel Vocational Institution, Groundwater Treatment/Non-Potable Water Distribution System* in San Joaquin County'

—The letter, noticed Staff's intent to recommend approval of augmentation, was sent to the appropriate Legislative Committees on December 27, 2006 and approval of this item would be contingent until the letter expired with out comment on January 16, 2007.

In summary: staff recommended approval of the **Consent Calendar** consisting of Items numbered 2 thru 8 and 10 thru 15.

Mr. Genest asked if there was any public to comment on these items?
There was no response.

A motion was made by Mr. Bush and Second by Ms. McKim to approve the Consent Calendar

The Consent Calendar was approved by a 3-0 vote.

ACTION ITEMS

Ms. Finn then stated that there were two Action Items on the agenda.

Action Item #16 was for the San Diego River Conservancy's (Conservancy) project known as the *White Property Donation* in San Diego County to acquire real property through the acceptance of a no cost acquisition. This was an acquisition offered to the Conservancy by a trust known as the White Trust (Trust) for 104 acres to be managed by and between the Conservancy and the San Diego River Park Foundation (Foundation).

The property straddles the jurisdictional line of the Conservancy. Staff would like it noted for the record, that only 32 percent of the property lies within the Conservancy's jurisdiction that the Conservancy's attorney and Attorney General's attorney opine that they have no problem with the Conservancy accepting the donation.

Ms. Finn reported that the issues that Staff would like to notify the Board of were:

Development and Use restrictions

The conditions of the donation was that the grantor and heirs retain access is perpetuity and that these rights are tied to the property so that if the property were sold to a large number of investor's; they then would all be able to have access as well. The reason for concern was that this opens the issue of possible suite against the state due to another part of the condition of donation which requires the State to improve upon the property. While the State would normally be protected from public suites against accidents upon unimproved land, there is a possibility for suite against improved State land.

Access rights

Department of General Services has not been able to identity access to the property and the owner so far has not defined, verified, or transferred the access rights to the State. This would be needed so that the Conservancy can maintain / oversee the property.

Indemnification

The grantor was unwilling to provide any indemnification warranties or representations to the State regarding the property.

Management Plan

Currently the gift deed from the grantor has incorporated a management plan between the Conservancy and the Foundation, with the ability to change the management plan only if the Foundation agrees. Some issues with this are:

- If a separate licensing agreement with the Foundation to operate that property is cancelled, it's unclear if the Conservancy has the ability to remove the Foundation from the management plan.
- Various technical inconsistencies in the vesting document and preliminary title report

Ms. Finn reported that staff recommended deferring this action until these issues can be resolved. She further noted that people from the Conservancy were present to answer questions.

Mr. Genest asked for public comment.

Ms. Linda Barr, representing Senator Christine Kehoe, read a letter from the Senator addressed to the Board urging the acceptance of the donation with the conditions set forth by Michael Nelson, Executive Officer of the Conservancy.

Mr. Genest asked if about the conditions of acceptance via the letter included the changes in the indemnification.

Mr. Michael Nelson, Executive Officer of the Conservancy, came forward to answer questions by the Board. Mr. Nelson discussed the differences of positions between the Department of General Services Counsel and the Conservancy, making the point that the main contention in his opinion was what constituted reasonable risk to the state. Mr. Nelson noted that this acquisition satisfied the Legislative directives as well as the 5 year plan of the Conservancy's Board with a no cost acquisition and no cost management. Mr. Nelson also stated that the grantor has been pushed with changes as much as possible to the point of the grantor has asked for the deed back and that the donation may be lost.

Mr. Will Bush, Board Member, asked questions regarding the issue of title (believed solvable by both sides), grantor retained access, and public access.

Mr. Jonathan Gurish, counsel to the Conservancy, answered that it was unworkable to tie the grantor retained access rights to the White family only and that no form of a time limit to those rights was reached with the grantor. Mr. Gurish responded to the question of public access saying that the only public access would be through tours arranged by the Foundation. That public use was not the main directive, but protecting the natural resources, history, and culture of the area was.

Mr. Bush asked then if fencing or restricting the public access would be needed.

Mr. Gurish answered that a steward of the Foundation lives in a nearby town and would monitor the property and that some of the land was already fenced in.

Mr. Bush asked a question with respect to the no cost management in that; what would happen if either the Conservancy or Foundation were to cease to exist.

Mr. Gurish responded that there were many non profit organizations (over 60 that made up the Foundation) and others in the area that could take over.

Mr. Bush then asked what the status of the property would be if the Board deferred action.

Mr. Gurish answered that the deed / trust of the White property must be put to conservation purposes via the Trust. He further stated that this transaction was the first and represented an example and symbol to the community to donate interest in their properties to the Conservancy.

Mr. Genest addressed his concerns of liability that the state would have, especially in the future, if the Board approved the donation in current form. Mr. Genest believed that although the other issues seem like that they can be worked out, that the indemnification and liability opened up by accepting the grantor's retained access rights as is prevent him from voting to approve the acceptance.

Further discussion ensued with Henry Nanjo, counsel to the Board, about liability, reasonable risk, and responsibility of duties. Mr. Nanjo believed that there was risk of exposure of suit to the state via this acceptance.

Mr. Genest reiterated that he felt a responsibility to the state to defer this action until either the issues were resolved or the Legislative made a public policy mitigating these issues.

Mr. Nelson responded that a draft resolution, on the back of the letter, presented to the Board addressed the critical issues; with the acceptance of the grantor's retained access rights which he says is a deal breaker with the grantor, and urged the Board to approve it.

Mr. Genest responded that if other Board Members wished to put forth a motion, they were welcome to, but that he would not.

Ms. Cindy Aronberg, on behalf of the State Controllers Office, voiced her support of the Board accepting the donation with the amended resolution.

Ms. Finn stated that Staff recommendation was:

Staff Recommendation: Defer action on this request until the following issues have been resolved:

- 1. Agreement by the Grantor to permit termination of Grantor-retained access if ownership of the Grantor's adjoining parcel is transferred outside of the White family or a trust controlled by the White family.**
- 2. Acceptance by the Grantor of an appropriate mechanism to allow enforcement of the management plan.**
- 3. Revision of the license and management plan to address the issues identified in the staff analysis.**
- 4. The Title and Vesting Documents should match the commitment for Title Insurance.**

Mr. Genest stated that hearing no motion made that the matter was deferred.

Action Item #17 was for the Conservation Corps' *Tahoe Base Center Relocation* project in El Dorado County to authorize an option to purchase. That Staff would like to notice that this was

the beginning of a process for an acquisition on behalf of the Corps no completing the acquisition as of yet. Staff Counsel and the Attorney General's staff has reviewed it and has found no problems with exercising the option to purchase. Staff recommended authorization.

Mr. Genest asked for any public or Board member comments or questions. There was no answer.

A motion was made by Mr. Bush and Second by Ms. McKim to approve Action Item #17 Action Item #17 was approved by a 3-0 vote.

OTHER BUSINESS:

Ms. Finn reported that Staff Counsel was asking that the Board reaffirm the minutes and ratify the actions of the Board at the November SPWB meeting. Because of the limitation of Government Code Section 7.5 that only one deputy from either the Department of Transportation or Department of General Services can represent their respective Director as a member of a board, commission or governing body, there was some confusion due to the fact that both departments were represented by deputies at the meeting. Although the Board did have quorum and the motions passed; counting only one of the deputies, Staff recommended that the board moves to reaffirm the minutes and ratify the actions taken.

**A motion was made by Mr. Bush and Second by Ms. McKim to reaffirm and ratify the actions of the Board at the November SPWB meeting.
The motion was approved by a 3-0 vote.**

REPORTABLES:

Ms. Finn reported that there were **six** reportable items for this month that staff had approved under authority delegated by the Board.

NEXT MEETING:

Ms. Finn informed the Board that the next meeting was set for **Friday, February 9, 2007, at 10:00 AM, at the State Capitol in Room 113.**

Mr. Genest asked if there were any comments or questions from the public before adjournment. No answer was forthcoming

Mr. Genest adjourned the meeting at 10:37 a.m.

AGENDA AND STAFF ANALYSIS

**NOTICE OF MEETING
STATE PUBLIC WORKS BOARD
Friday
January 12, 2007**

The **STATE PUBLIC WORKS BOARD** will meet on, **Friday January 12, 2007, at 10:00 a.m. in Room 3191 in the State Capitol, Sacramento, California.** In accordance with provisions of Section 11125 of the Government Code, a copy of the Agenda is attached.

Karen Finn
Administrative Secretary

Attachment

STATE PUBLIC WORKS BOARD

**Friday
January 12, 2007
10:00 a.m.
Room 3191
State Capitol
Sacramento, California**

I. Roll Call

Michael C. Genest, Director, Department of Finance
Director, Department of General Services
Cindy McKim, Deputy Director, Department of Transportation
Cindy Aronberg, Deputy Controller, State Controller's Office
Francisco Lujano, Director Securities Management Division, State Treasurer's
Office
Director, Employment Development Department
(Advisory Member)

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Assembly Member, Legislative Advisor
Assembly Member, Wilma Chan, Legislative Advisor
Assembly Member, Lloyd E. Levine, Legislative Advisor
Senator, Wesley Chesbro, Legislative Advisor
Senator, Gilbert Cedillo, Legislative Advisor
Senator, Legislative Advisor

**II. Approval of minutes from the December 8, 2006 meeting
Report on conditional approvals of last meeting.**

III. Bond Items	Page 4
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BOND ITEM

BOND ITEM – 1

**JUDICIAL COUNCIL OF CALIFORNIA (0250)
ADMINISTRATIVE OFFICE OF THE COURTS, COURT OF APPEAL, FOURTH DISTRICT
SANTA ANA: NEW COURTHOUSE
ORANGE COUNTY**

*Authority: Chapter 379/2002, Item 0250-301-0660 (1)
Chapter 157/2003, Item 0250-490-Reappropriation
Chapter 208/2004, Item 0250-490-Reappropriation
Chapters 47 and 48/2006, Item 0250-301-0660 (1)
Chapters 47 and 48/2006, Item 0250-490-Reappropriation*

Adopt a resolution to:

1. Authorize the use of interim financing to be repaid from the Public Buildings Construction from the proceeds from the sale of bonds.
2. Authorize the execution of the Construction Agreement between the Judicial Council of California, Administrative Office of the Courts and the State Public Works Board.
3. Approve the form of and authorize the execution of a Site Lease between the Judicial Council of California, Administrative Office of the Courts and the State Public Works Board.
4. Approve the form of and authorize the execution of the Facility Lease between the Judicial Council of California, Administrative Office of the Courts and the State Public Works Board.
5. Authorize the sale of the State Public Works Board Lease Revenue Bonds.

TOTAL ESTIMATED BOND AUTHORIZATION:

\$21,178,000

APPROVE 5/0

BOND ITEM

STAFF ANALYSIS ITEM – 1

Judicial Council

Administrative Office of the Courts, Court of Appeal, Fourth Appellate District, Division Three,
Santa Ana: New Courthouse,
Orange County

Action Requested

The requested action will adopt a resolution authorizing the use of interim financing and the sale of lease revenue bonds.

Scope Description

This project is within scope. The authorized scope of the project is to construct a new appellate court of approximately 52,000 gross square feet. This building will accommodate nine justices and support staff. An approximately two-acre site will be acquired in the City of Santa Ana. The scope includes site work, utilities, landscaping, up to 100 surface parking spaces, and modular work stations.

Funding and Cost Verification

This project is not within cost. The State Public Works Board recognized the anticipated deficit of this project at the December PWB Meeting. In addition, a 20-day Letter to the Legislature was delivered on November 27, 2006.

The construction estimate in April 2006 (at Schematic Design) and validated in September 2006 (at Design Development), prepared by the project's architect and construction manager indicates that a construction phase budget of \$23,427,000 will more accurately reflect anticipated construction bids. The Administrative Office of the Courts (AOC) has been directed to work with its architects and engineers and identify deductive alternates and/or value engineering items in order to reduce the cost estimate to within 5 to 10 percent of the total project cost.

\$21,178,000 total authorized bond project costs

\$24,264,000 total estimated bond project costs

\$3,086,000 anticipated deficit: construction \$3,086,000 (\$2,939,000 contract; \$147,000 contingency)

CEQA

The project will not have a significant effect on the environment. The CEQA documentation (Negative Declaration) was filed with the County of Orange on June 29, 2005.

Due Diligence

Due Diligence review of the property was completed on June 27, 2005. All vesting title or rights issues as identified in the Real Property Acquisition Agreement have been resolved.

Project Schedule

The project schedule is as follows:

Approve preliminary plans:	December 2006
Approve working drawings:	April 2007
Complete construction:	October 2008

Staff Recommendation: **Adopt resolution**

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CONSENT ITEM

CONSENT ITEM – 2

DEPARTMENT OF GENERAL SERVICES (1760)
DEPARTMENT OF FORESTRY AND FIRE PROTECTION (3540)
WARNER SPRINGS FOREST FIRE STATION, REPLACE FACILITY
SAN DIEGO COUNTY
CDF Project Number 188, DGS Parcel Number 10348

Authority: Chapters 38 and 39/05, Item 3540-301-0660 (3.4)

Authorize acquisition consistent with staff analysis

APPROVE 3/0

CONSENT ITEM

STAFF ANALYSIS ITEM – 2

Department of General Services
Department of Forestry and Fire Protection
Warner Springs Forest Fire Station, Replace Facility
San Diego County

Action requested

The requested action will authorize acquisition.

Scope Description

This project is within scope. The approved project authorizes acquisition of the current leased fee land interest and the construction of a replacement facility for the Warner Springs Forest Fire Station located in Warner Springs California, San Diego County. The acquisition phase of the project includes acquiring the leased fee interest of approximately four acres currently under lease by the State through December, 2023. This acquisition will result in the state's fee simple ownership of the property and will enable funding for the project's construction phase through lease revenue bonds.

Funding and Cost Verification

This project is within cost. Chapters 38 and 39, Budget Act of 2005, Item 3540-301-0660 (3.4) provides \$3,600,000 for acquisition (\$420,000), preliminary plans, working drawings, and construction for this project. The property can be acquired with the funds available and in accordance with Legislative intent.

\$4,869,000	total authorized project costs
\$4,415,000	total estimated project costs
\$478,000	project costs previously allocated: \$70,000 acquisition; \$242,000 preliminary plans; and \$166,000 working drawings
\$3,937,000	project costs to be allocated: \$138,000 acquisition; \$75,000 working drawings; \$3,724,000 construction (\$3,144,000 contract, \$157,000 contingency, \$385,000 A&E and other project costs, and \$38,000 agency retained)
\$454,000	excess authority available for reversion: \$212,000 acquisition and \$242,000 preliminary plans

CEQA

A Notice of Exemption was filed with the State Clearinghouse on November 27, 2006, and the 35-day statute of limitations period expired on January 1, 2007.

Project Schedule

The project schedule is as follows:

The anticipated close of escrow is February 2007

Condition of Property

Department of General Services, Environmental Services Section (ESS) staff conducted an additional condition of property survey of the CDF Warner Springs fire station on January 9, 2007. The survey consisted of a complete walk-over of the property, consultation with the CDF station chief, and observation of activities on directly adjacent parcels.

The survey confirmed earlier findings that the Warner Springs fire station property does not contain hazardous materials or conditions that would affect the state's long-term ownership of the parcel. All fuel storage is above ground, no maintenance is performed on the fire equipment at this site, and there have been no incidences in the past twelve months concerning the release of controlled and/or hazardous materials (e.g., fuel spills, storage of inappropriate materials, etc.).

The properties surrounding the subject parcel also do not appear to be potential sources of surface or subsurface hazardous materials, including the school bus garage building that is directly north of the property. No new development has occurred in or around the parcel.

Other:

- The project was approved for site selection by the State Public Works Board on September 15, 2005.
- The proposed site meets the requirements of the California Department of Forestry and Fire Protection (CDF).
- The property is currently improved with a State forest fire station that was built in 1952 consisting of a barracks building, apparatus building, office and residence. There are also several sheds, a water tank and an above ground fuel tank. The apparatus building, office and residence will be demolished and a new apparatus building and barracks/messhall

building will be constructed to replace the existing buildings. In addition a new pump house, storage buildings and a water tank will be constructed.

- In 1949, the State entered into a long-term lease agreement with the property owner that will expire in 2023. Rental terms of the lease include current payments of \$200 per month creating a significant leasehold interest for the State due to the below market lease rent. This acquisition will allow the State to acquire the leased fee interest (Lessor's interest) of the property resulting in fee simple ownership for the State.
- There is no relocation assistance involved with this project.
- The purchase price shall not exceed estimated fair market value as determined by a DGS approved appraisal.
- CDF is not aware of any lawsuits pending concerning the property. The property Acquisition Agreement will require delivery of title to the property free and clear of any mortgages or liens.
- There is no implied dedication involved with this project.

Staff Recommendation: Authorize acquisition

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CONSENT ITEM

CONSENT ITEM – 3

DEPARTMENT OF GENERAL SERVICES (1760)
DEPARTMENT OF PARKS AND RECREATION (3790)
DONNER MEMORIAL STATE PARK, TRUCKEE DONNER LAND TRUST AND HEWLETT
PROPERTIES
NEVADA AND PLACER COUNTIES
DGS Parcel Number 10189 and 10442, DPR Parcel Number 006709-77

*Authority: Chapter 379/02, Item 3790-301-6029(6),
as reappropriated by Chapters 38 and 39/05, Item 3790-491
Public Resources Code Section 5005
Government Code Section 11005*

- a. Authorize acquisition consistent with staff analysis
- b. Authorize acquisition of real property through the acceptance of a gift

APPROVE 3/0

CONSENT ITEM

STAFF ANALYSIS ITEM – 3

Department of General Services
Department of Parks and Recreation
Donner Memorial State Park, Truckee Donner Land Trust and Hewlett Properties
Nevada and Placer Counties

Action requested

The requested action will authorize acquisition and authorize acquisition of real property through the acceptance of a gift for this project.

Scope Description

This project is within scope. The Legislature has approved funding from Proposition 40 (California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002) for new State Park System acquisitions without specifying particular parcels. This request will authorize acquisition of a 155-acre parcel of land and the acceptance of five separate gift parcels totaling 184.72 acres as an addition to Donner Memorial State Park. Acquisition and acceptance of all 339.72 acres will fulfill five of seven Department of Parks and Recreation (DPR) acquisition guidelines by providing expanded outdoor recreation opportunities, cultural landscapes, unique natural resources, trail connection and corridors, and in-holdings and adjacent properties.

The Public Resources Code, Section 5005 allows the DPR to receive and accept in the name of the people of the State any gift, dedication, devise, grant, or other conveyance of title to or any interest in real property, including water rights, roads, trails, and rights-of-way, to be added to or used in connection with the State Park System. It may receive and accept gifts, donations, contributions, or bequests of money to be used in acquiring title to or any interest in real property, or in improving it as a part of or in connection with the State Park System, or to be used for any of the purposes for which the department is created. It may also receive and accept personal property for any purpose connected with the State Park System.

Funding and Cost Verification

This project is within cost. Chapter 379/02, Item 3790-301-6029(6), as reappropriated by Chapters 38 and 39/05, Item 3790-491, provides a total of \$40,000,000 for the acquisition of high priority parcels of land. The balance of the appropriation is sufficient to acquire the subject properties in accordance with legislative intent.

\$435,000 total estimated project costs

\$435,000 total authorized project costs

\$8,000 project costs previously allocated: DGS staff costs for appraisal review and staff review

\$427,000 project costs to be allocated: \$425,000 for acquisition and approximately \$2,000 for title and escrow fees

CEQA

Notices of Exemption were filed with the State Clearinghouse on July 10, 2003 and October 30, 2006. The 35-day statutes of limitations expired on August 14, 2003 and December 4, 2006, respectively.

Project Schedule

The project schedule is as follows:

The anticipated close of escrow is February 2007.

Condition of Property

The Department of General Services (DGS), Environmental Services Section (ESS) staff conducted a site visit to the subject properties on October 23, 2006. The properties comprise approximately 339.72 acres in Placer and Nevada Counties. The former Liebrecht property in Nevada County, consists of 31.82 acres at the end of South Shore Drive on the south side of the street. It is quite steep, at about 60 percent slope and consists of primarily white fir and willow. The property overlooks Donner Lake. The former Sinncok property is three acres and also on the north-facing slope and is accessed through private property. The Union Pacific railroad track right-of-way is to the south of this property. A Building Land Management (BLM) monument was located. DPR land is to the west of this property. Vegetation consists of red and white fir and Jeffrey pine. The former Menasha property is 64 acres and heavily timbered with red and white fir, Jeffrey pine, and white pine at about an average of 30 percent slope. The property was logged about ten years ago. The railroad right-of-way runs through the northwest portion of this property. DPR land is to the west of this property. The former Norcutt property is approximately six acres and very steep and forested with a north aspect. DPR land is to the south of this property. The railroad right-of-way is to the north of this property. The former Hooper La/Plant property is 80 acres accessed through several miles of a rough dirt road. The

property has a southeast aspect at about a 20 percent slope, previously logged and vegetation consists of red fir, willow, Jeffrey pine, mountain whitethorn, and currant. A 1976 BLM monument was located at the northwest property corner. A U. S. Forest Service survey monument was also located. DPR land is to the west of this property. The Hewlett property, is 155 acres and consists of relatively flat to gentle slopes. A 1976 BLM survey monument is located at the southwest property corner along with a U.S. Forest Service survey monument. DPR land is to the west of this property. Vegetation consists of red and white fir, lodgepole pine, and mountain whitehorn. The historic Emigrant Trail runs through much of this property.

No potential problems with hazardous materials were observed during the ESS site visit and the properties are compatible with the proposed future use as open space. A Phase 1 report is not considered necessary as this property is unimproved forested land with limited access.

Other

- The State Public Works Board (PWB) approved site selection of the 155-acre purchase parcel at the December 8, 2006 meeting. The DPR is receiving both the purchase parcel and the gift parcels from the same owner, the Truckee Donner Land Trust.
- The purchase price shall not exceed estimated fair market value as indicated in a DGS-approved appraisal.
- The DPR is not aware of any lawsuits pending on the property. The property acquisition agreement will require delivery of title to the State free and clear of any liens or mortgages.
- The property is vacant and unimproved.
- There is no relocation assistance involved with these projects.
- There is no implied dedication applicable to these properties.
- The Property Acquisition Agreement does not include the State's standard indemnification language, potentially exposing the State to additional fiscal liability. However, the DGS-ESS site visit did not identify conditions which would likely pose exceptional risk to the State. Further, since the property is primarily unimproved forested land, the risk associated with acquiring these properties without the standard indemnification is low. It should be noted that the lack of indemnification language does not relieve the grantor of liability under existing law.
- The proposed acquisitions are contiguous to existing DPR property and within mountainous terrain near Donner Lake. The DPR plans on allowing very limited authorized public access, which will only require visual patrols by existing staff. As such, trails maintenance will not be needed. The DPR anticipates that operating expenses will be minimal and can be absorbed with existing resources.
- Any changes to public access, use, development, or resource protection will be addressed through the normal budget process.
- Pursuant to Government Code Section 11005, gifts of real property in fee must be approved by the Director of the Department of Finance. In addition, administrative policy requires that departments requesting the approval of gifts of real property first obtain approval from the PWB.

Staff Recommendation: **Authorize acquisition and authorize acquisition of real property through the acceptance of a gift**

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CONSENT ITEM

CONSENT ITEM – 4

DEPARTMENT OF GENERAL SERVICES (1760)
DEPARTMENT OF PARKS AND RECREATION (3790)
DEL NORTE REDWOODS STATE PARK, PARAGON (SAVE-THE-REDWOODS LEAGUE)
DEL NORTE COUNTY
DPR Parcel No. 3265, DGS Parcel No. 10445

*Authority: Public Resources Code Section 5005
Government Code Section 11005
Chapters 38 and 39/05, Item 3790-301-6029(5)*

Authorize acquisition of real property through the acceptance of a no cost acquisition

APPROVE 3/0

CONSENT ITEM

STAFF ANALYSIS ITEM – 4

Department of General Services
Department of Parks and Recreation
Del Norte Coast Redwoods State Park, Paragon (Save-the-Redwoods League)
Del Norte County

Action requested

The action requested will authorize acquisition of real property through the acceptance of a no cost acquisition consistent with the staff analysis.

Scope Description

This project is within scope. This request will authorize Department of Parks and Recreation (DPR) to accept a no-cost acquisition of approximately 93.2 acres as an addition to Del Norte Redwoods State Park. This property is an in-holding completely surrounded by DPR lands. The DPR is acquiring this property because it adds to the state's preservation of forested land at no cost to the state. The proposed acquisition will secure the remaining non-state owned parcel within the watershed to assure ecological integrity of the park. The acquisition will also provide an opportunity to preserve a comparatively rare example of upland old growth redwood forest. This area offers research opportunities not available in many other stands of old growth redwoods.

The Public Resources Code, Section 5005 allows the DPR to receive and accept in the name of the people of the State any gift, dedication, devise, grant, or other conveyance of title to or any interest in real property, including water rights, roads, trails, and rights-of-way, to be added to or used in connection with the State Park System. It may receive and accept gifts, donations, contributions, or bequests of money to be used in acquiring title to or any interest in real property, or in improving it as a part of or in connection with the State Park System, or to be used for any of the purposes for which the department is created. It may also receive and

accept personal property for any purpose connected with the State Park System.

Funding and Cost Verification

This project is within cost. Chapters 38 and 39/05, Item 3790-301-6029(5), provide a total of \$1,500,000 for the acquisition of high priority in-holding parcels of land. The balance of the appropriation is sufficient for overhead costs (e.g., title and escrow fees and Department of General Services (DGS) staff time to conduct due diligence) of the subject property (\$25,000) in accordance with legislative intent.

CEQA

CEQA compliance for the Paragon acquisition was addressed in the environmental notice filed by DPR as part of the original Mill Creek acquisition on October 4, 2001. The environmental notice filed for that transaction contemplated the future acquisition of this minor in-holding within the substantially greater acquisition of the Mill Creek watershed.

Project Schedule

The project schedule is as follows:

The anticipated close of escrow is January 2007.

Condition of Property

On November 28, 2006, staff of the Department of General Service, Real Estate Services Division, Environmental Services Section (RES-D-ESS) conducted a site survey of the proposed acquisition of approximately 90 acres of land situated within the Mill Creek watershed of the Del Norte Coast Redwoods State Park near Crescent City, California. The irregular-shaped addition is situated at the upper end of the Mill Creek watershed.

The proposed addition consists of an elongated grove of old growth redwoods. While a significant portion of the original Mill Creek acquisition consists of second-growth redwood and fir forest, the Paragon parcel contains significant stands of upland old growth redwoods. Access to the groves is limited to a few logging roads from the top of the watershed; a large portion of the trees are on very steep slopes above two small creeks. Although conventional logging occurred around the Paragon grove the acquisition area is in original condition. Of those areas reasonably accessible by foot or vehicle, there was no evidence of industrial hazards, abandoned equipment, areas of geologic instability, or other potential long-term liabilities.

A formal preliminary site assessment was not required for this acquisition because the property is in a wild condition; none of the adjacent property contains any hazards that could affect this parcel.

Other

- The property is vacant and unimproved. There is no relocation assistance involved with this project.
- The DPR is not aware of any lawsuits pending concerning the property. The Property Acquisition Agreement will require delivery of title to the property free and clear of any mortgages or liens.
- Save-the-Redwoods League is offering the property at no cost to the state with the condition that a use restriction agreement be entered into and recorded requiring the state to use the property for state park purposes. The use restriction can be removed if either of two actions occur: (1) the Legislature makes a finding that all or part of the property is in excess of the state's foreseeable needs and therefore, authorizes the sale of the property; or (2) the State Public Works Board recommends that a transfer of the property to another state agency is necessary for a higher and better public purpose. If the use restriction is removed in either of these events, contingent upon appropriation and availability of funds, the state will be

required to pay 100 percent of the then current market value of the property, excluding the value of any state improvements.

- The Property Acquisition Agreement does not include the state's standard indemnification language, potentially exposing the state to additional fiscal liability; however, the PSB/ESS site visit of the property did not identify conditions that would likely pose an exceptional risk to the state. Further, given the fact that the property is largely unimproved natural habitat, the risk associated with acquiring this property without the standard indemnification is low. It should be noted that the lack of indemnification language does not relieve the seller of liability under existing law.
- This acquisition is a 93.2-acre addition to the existing 31,167 acre Del Norte Redwoods State Park. The DPR intends to provide periodic patrols of the inholding property with existing staff as part of its routine visits of state park property. As such, support implications for this acquisition will be minimal.
- While the DPR does not foresee changes at this time to public access, development, or resource needs, any such changes will be addressed through the normal budget process.
- No appraisal is necessary. This is a gift of real property.
- Pursuant to Government Code Section 11005, gifts of real property in fee must be approved by the Director of the Department of Finance. In addition, administrative policy requires that departments requesting the approval of gifts of real property first obtain approval from the PWB.

Staff Recommendation: **Authorize the acquisition of real property through acceptance of a no cost acquisition**

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CONSENT ITEM

CONSENT ITEM – 5

DEPARTMENT OF GENERAL SERVICES (1760)
DEPARTMENT OF PARKS AND RECREATION (3790)
HENRY COWELL REDWOODS STATE PARK, COWELL FOUNDATION (SAVE-THE-
REDWOODS LEAGUE)
SANTA CRUZ COUNTY
DPR Parcel Number 003254-77, DGS Parcel Number 10444

*Authority: Chapter 157/03, Item 3790-301-6029(10),
as reappropriated by Chapter 47 and 48/06, Item 3790-491
Chapters 38 and 39/05, Item 3790-301-0890(1)*

Authorize site selection consistent with the staff analysis

APPROVE 3/0

CONSENT ITEM

STAFF ANALYSIS ITEM – 5

Department of General Services
Department of Parks and Recreation
Henry Cowell Redwoods State Park – Cowell Foundation, Save-the-Redwoods League
Santa Cruz County

Action requested

The requested action will authorize site selection for this project.

Scope Description

This project is within scope. This request will authorize the Department of Parks and Recreation (DPR) to acquire approximately 307 acres of land adjacent to the Henry Cowell Redwoods State Park at less than the property's fair market value.

The acquisition of this property will assist the DPR in fulfilling two important missions: adding an important piece of land to Henry Cowell Redwoods State Park that will connect the main portion of the park with a smaller branch along the San Lorenzo River; and, contribute both to the long-term preservation of sustainable redwood forest ecosystems and to the health of the San Lorenzo River watershed while providing compatible recreational opportunities for the public.

Funding and Cost Verification

This project is within cost. Chapter 157/03, Item 3790-301-6029(10), as reappropriated by Chapters 47 and 48/06, Item 3790-491, provides a total of \$35,000,000 for the acquisition of high priority parcels of land. The balance of the appropriation is sufficient for overhead costs (e.g., title and escrow fees and Department of General Services (DGS) staff time to conduct due diligence) of the subject property in accordance with legislative intent. Chapters 38 and 39, Item 3790-301-0890(1), provides \$5,000,000 in Federal Trust Fund monies for property acquisitions consistent with funding availability and in accordance with legislative intent.

CEQA

A Notice of Exemption was filed with the State Clearinghouse on December 22, 2006, and the 35-day statute of limitations period will expire on January 26, 2007.

Project Schedule

The project schedule is as follows:

The anticipated close of escrow is March 2007

Condition of Property

On May 25, 2006, Department of General Services (DGS), Environmental Services Section staff (ESS) conducted a site survey of the proposed acquisition of approximately 307 acres of land situated southwest of Henry Cowell Redwoods State Park in Santa Cruz County. The objective of the proposed acquisition is to secure a substantial addition of environmentally sensitive Zayante Sand formation forest and chaparral habitat. The subject property is directly adjacent to the existing State park.

The proposed addition consists of a mosaic of old growth forest land (redwoods, knobcone pine, Ponderosa pine, etc.) and chaparral (Bonny Doon manzanita, coast live oak, etc.). The combined habitat is considered of significant ecological value because there are few intact examples of Zayante Sand habitat. This habitat is reported to support a variety of sensitive plants related to the area's fine sandy soil and endangered insects.

While the addition contains no structures, formal roads, infrastructure (pipelines, transmission lines, etc.), or other significant improvements there is evidence of limited disturbance. This includes (1) a few trails/pathways that transect the property, (2) a few pipes that were used for a percolation test, and (3) an area used as an informal firing range. There is also limited evidence of homeless camps at the edge of one corner of the parcel.

The remnants of the roads are of no long-term concern. While erosion is occurring in the sandy substrate, these pathways provide limited access into the property for inspection, recreational use, and habitat monitoring. Most have nearly grown over with native vegetation. The remains of a percolation test does not pose a liability or long-term hazard since they are simply sand-filled pipes driven into the soil as part of a geotechnical analysis conducted many years ago. Since they are filled with sand, the pipes (there are four; they stand about one-three feet above the ground level) do not provide a unique pathway for contamination to the underlying soil.

Because of the presence of the informal firing range, which consists of a cut-bank about twenty feet high at the end of a small landing, a formal Phase I Preliminary Site Assessment was prepared for the proposed acquisition. Extensive research into the history of the range concluded it was used on an infrequent, casual basis by local law enforcement agencies. This use ended several years ago.

While the site assessment concluded the property does not contain any hazards or hazardous conditions of note, it is acknowledged the range area is likely to contain some amount of lead-bullet residue. It was not possible to test for lead in the cut-bank of the firing range because of a concern for the presence of endangered Mount Herman June bugs in the soil. The assessment assumed the impact area of the cut-bank does contain limited amounts of lead from small arms (pistols, rifles, shotguns, etc.); however, given the property will be acquired to preserve an important example of ecologically sensitive habitat there will be little, if any, risk to the public of exposure to this material. At this point a significant portion of the range has grown over with native plants; the elevation of the range prevents the lead from being in a saturated environment. ESS staff believes the remnants of this range do not pose a long-term liability to the State.

The final remaining concern is the policing of homeless camps that are situated near the edge of the parcel. The existing sites have or are in the process of being cleaned up of debris and small structures. A final survey of the property will be necessary prior to acquisition to assure new camps have not been established.

Other

- The purchase price shall not exceed estimated fair market value as determined by a DGS approved appraisal.
- The property acquisition agreement will require delivery of title to the property free and clear of any mortgages or liens.
- The property is vacant and unimproved.
- There is no relocation assistance involved with this project.
- The non-profit organization Save-the-Redwoods League (SRL), has offered to sell this property to the State at a 36 percent of the fair market value approved by the DGS, with the condition that a use restriction agreement be recorded requiring the State to use the property for state park purposes. The Agreement provides for the use restriction to be lifted if either of two actions occur: (1) The Legislature makes a finding that all or part of the property is in excess of the State's foreseeable needs and therefore, authorizes the sale of the property; or (2) The State Public Works Board recommends that a transfer of the property to another State agency is necessary for a higher and better public purpose. If the use restriction is removed in either of these events, DPR will be required to pay 64 percent of the, then, current market value of the property to SRL, or 64 percent of the pro rata value of the portion thereof that is designated for alternative use at the time, excluding the value of any State improvements.
- This property is being purchased through a grant from the Federal Land and Water Conservation Fund. The federal funds will be deposited into the Federal Trust Fund for the purchase of the land. Overhead for the project will be funded from Proposition 40.
- The Land and Water Conservation Fund grant requires that the property be used for public park purposes. In order to convert the property to non-park purposes, the State would have to identify substitute park lands of an equal or greater fair market value and recreational utility.
- This acquisition is adjacent to the existing Henry Cowell Redwoods State Park. The property is ancient sand dunes property that contains listed and potentially listed endangered plant and animal species. The DPR will redirect existing staff and operating expenses to provide patrol of this acquisition and to control unauthorized use and protect the sensitive nature of the property.
- While the DPR does not foresee changes at this time to public access, development, or resource needs, any such changes will be addressed through the normal budget process.

Staff Recommendation: Authorize site selection

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CONSENT ITEM

CONSENT ITEM – 6

DEPARTMENT OF GENERAL SERVICES (1760)
DEPARTMENT OF PARKS AND RECREATION (3790)
OCOTILLO WELLS STATE VEHICULAR RECREATION AREA
IMPERIAL COUNTY

DGS Parcel Numbers 6268, 6324, 6460, 6485, 6572, 6587, 6607, 6320

DPR Parcel Numbers A21636, A21703, A21850, A21875, A21960, A21975, A21994, A21696

*Authority: Chapter 324/98, 3790-301-0263(1),
as reappropriated by Chapter 106/01, Item 3790-490*

Authorize acquisitions consistent with staff analysis

APPROVE 3/0

CONSENT ITEM

STAFF ANALYSIS ITEM – 6

Department of General Services
Department of Parks and Recreation
Ocotillo Wells State Vehicular Recreation Area (In-holdings)
Imperial County

Action requested

Authorize acquisitions for this project.

Scope Description

This project is within scope. The Department of Parks and Recreation (DPR) received funding approval by the Legislature for the acquisition of approximately 7,800 acres of unimproved desert land within the eastern portion of the Ocotillo Wells State Vehicle Recreation Area (SVRA). Since the inception of this legislation the DPR has contracted the services of the Department of General Services (DGS) to acquire in-holdings located within the confines of the SVRA. To date, the DGS has acquired approximately 3,352 acres. This request will authorize acquisition of fee simple in approximately 41.32 acres of in-holdings as identified below.

Owner(s)	DGS Parcel(s)	DRP Parcel(s)	Acres	Purchase Price
Patricia A. Shewfelt	6460	A21850	7.50	\$4,500
Patricia A. Shewfelt	6485	A21875	15.00	6,750
Patricia A. Shewfelt	6572	A21960	5.00	3,500
Patricia A. Shewfelt	6587	A21975	10.00	5,500
Patricia A. Shewfelt	6607	A21994	2.50	2,000
Elfriede, Shook	6324	A21703	0.22	1,500
E. George Triphon	6268	A21636	0.22	1,500
Elizabeth Schwinn	6320	A21696	0.88	3,000
		Total	41.32	\$28,250

Funding and Cost Verification

This project is within cost. Chapter 324/98, Item 3790-301-0263(1) provides \$3,600,000 for this acquisition program. The property can be acquired within the remaining funds available and in accordance with Legislative intent.

\$3,600,000 total authorized project costs

\$3,600,000 total estimated project costs

\$2,358,000 project costs previously allocated for various acquisitions

\$31,000 project costs to be allocated for these acquisitions: acquisitions \$28,000,
DGS staff costs (title and escrow fees) \$3,000

\$1,211,000 project costs remaining for future acquisitions

CEQA

A Notice of Exemption (NOE) was filed with the State Clearinghouse on September 1, 2006 and the 35-day statute of limitations expired on October 5, 2006.

Project Schedule

The project schedule is as follows:

The anticipated close of escrow for these acquisitions is January 2006.

Condition of Property

On Thursday, October 27, 2005, a condition of property review of the perspective acquisition parcels for the SVRA was conducted by DGS/ESS staff. The proposed acquisitions consist of various parcels ranging in size from 0.22 acres to 30 acres. The parcels are located as existing in-holdings or in close proximity to the SVRA. The average rainfall is approximately three inches per year. Temperature in the summer can exceed 115 degrees, while winter temperatures can range below 30 degrees. Plant life has adapted to these conditions and is noteworthy primarily because of the predominance of Ocotillo dessert landscape. All of the parcels proposed for acquisition are either in an area of gently sloping topography or within the "badlands" made up of dissected, rapidly eroding topography. During the site review, no improvements were observed on any of the properties nor were any environmental hazards found. A Phase 1 Environmental Site Assessment is not recommended.

Other:

- This project was approved for site selection by the State Public Works Board on February 9, 2001. The DPR and DGS have subsequently worked together to identify willing sellers on a monthly basis for acquisition approval of their properties.
- The purchase prices do not exceed the fair market value as determined by a DGS appraisal.
- Implied dedication may exist because an undetermined portion of the subject parcels may be subject to public use. The desert terrain is typically traversed by the general public without regard for ownership and use of the land is open and notorious.
- Although there has been no history of contamination, the Department of Parks and Recreation (DPR) has conducted a review of the property for evidence of contamination from hazardous and toxic materials and there was no evidence or indication of contamination found.
- The DPR is not aware of any lawsuits pending concerning the property. The property acquisition agreement will require delivery of clear title to the property.
- The property is vacant and unimproved.
- The State was not able to purchase the mineral rights on certain parcels being acquired. The DPR has determined that the extraction of oil or minerals will not unreasonably interfere with the use of the property. With respect to the Ocotillo Wells SRVA, Public Resource Code 5006.45(c) permits the extraction of mineral rights at the SVRA.
- The staffing pertaining to this acquisition will be absorbed within the DPR's existing support budget.

Staff Recommendation: Authorize acquisitions

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CONSENT ITEM

CONSENT ITEM – 7

DEPARTMENT OF GENERAL SERVICES (1760)
DEPARTMENT OF PARKS AND RECREATION (3790)
SAN SIMEON STATE PARK, PIEDRAS BLANCAS
SAN LUIS OBISPO COUNTY

DGS Parcel Number 10446, DPR Parcel Number 003253-77

*Authority: Chapter 157/03, Item 3760-301-6029(3),
as reappropriated by Chapters 47 and 48/06, Item 3760-490;
Chapter 208/04, Item 3760-301-0005(1);
Chapter 208/04, Item 3760-301-0565(1);
Chapter 208/04, Item 3790-301-0890(1),
Chapters 38 and 39/05, Item 3790-301-6029(5)*

Authorize site selection consistent with the staff analysis

APPROVE 3/0

CONSENT ITEM

STAFF ANALYSIS ITEM – 7

Department of General Services
Department of Parks and Recreation
San Simeon State Park – Piedras Blancas
San Luis Obispo County

Action requested

The requested action will authorize site selection for this project.

Scope Description

This project is within scope. The Legislature has approved funding from Proposition 40 (California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002) for new State Park System acquisitions without specifying particular parcels. The Legislature has also approved funding for the purchase of interests in lands that meet criteria established in a Federal Trust Fund Acquisition Program and a Department of Transportation Federal Scenic Highway Program without specifying particular parcels. This request will authorize site selection of fee simple interest of 20 acres as an addition to the San Simeon State Park.

The Piedras Blancas property is located along scenic Highway 1. The property offers a unique and much needed opportunity for the public to safely pull off the highway, park in the existing paved parking area, and access two beaches, bluffs and trails. This half-mile of coast is a critical missing link of public access on a 13 mile stretch of publicly-held coastline that is essential to the California Coastal Trail.

In addition, the property lies within the Monterey Bay National Marine Sanctuary, a preserve that encompasses 276 miles of shoreline and 5,322 square miles of ocean. Supporting one of the world's most diverse marine ecosystems, the Sanctuary is home to numerous mammals, seabirds, fishes, invertebrates, and plants in a remarkably productive coastal environment. Piedras Blancas provides critical habitat and breeding grounds for one of the Sanctuary's resident species, the northern elephant seal, which is fully protected under California state law and federally protected under the Marine Mammal Protection Act of 1972.

Funding and Cost Verification

This project is within cost. The purchase of the property would be financed from state funding sources with additional contributed funds from federal grant programs. The balance of the appropriation is sufficient to acquire the subject property in accordance with legislative intent.

CEQA

Notice of Exemption was filed on December 13, 2006. The waiting period will expire on January 17, 2007.

Project Schedule

The project schedule is as follows:

The anticipated close of escrow is February 2007.

Condition of Property

The Department of General Services, Environmental Services Section (ESS) staff conducted a site visit to the Piedras Blancas Motel and RV Park property on December 6, 2006. The property is located at 16420 Highway 1 in San Simeon, San Luis Obispo County, California and consists of approximately 25 acres. The western portion of the property is composed of coastal bluffs bordered by the Pacific Ocean. To the east of the property is Highway 1. The southern portion of the property is currently in use as a public access to Arroyo Del Corral Beach, which is located adjacent to the property to the south. To the north of the property are cliffs that contain an asphalt remnant of the former location of Highway 1. The California Department of Transportation is currently relocating Highway 1 access east of this area.

The property consists of eight permanent structures currently present on the site. There is a main motel building with eleven units, a laundry facility and a manager's apartment. All structures are one story. Adjacent to the south of the main motel building is a separate structure that includes the former café and kitchen, station store, office and the service station garage with an attached shed. A single-story, two-bedroom dwelling is located on the southern portion of the property. Adjacent to the dwelling is a large detached garage with two roll up doors. Behind the garage is a wood-frame barn and large shed that are currently empty. A property manager and his family currently occupy the manager's apartment and three of the units in the main motel building. The motel is currently closed and the residence is not occupied.

Surface topography is predominantly flat, with cliffs along the western side above an unnamed beach that is accessible by an unpaved walking trail. Surface elevation ranges from sea level at the beach to approximately 35 feet above mean sea level (msl) at Highway 1. Topography generally slopes upward toward the Santa Lucia Range to the east.

A Phase I Environmental Site Assessment (ESA) was prepared for the acquisition (RRM, Inc., October 20, 2006). The ESA was reviewed by DGS-ESS staff and found to be in accordance with the American Society for Testing and Materials (ASTM) standard E1527. "No recognized environmental concerns (RECs) were identified on the subject property or in the immediate offsite area that would appear to represent a potential threat of an adverse impact to soil or groundwater at the subject site" (RRM, Inc.). However, based on the age of the structures on the property, it appeared likely that some of the construction materials contained asbestos or lead. Sampling and laboratory analysis of the paints, flooring, wall, and adhesive construction materials indicated that limited lead and asbestos are present in some location on the property. Because these materials are harmful if the structures remain in present condition, it is recommended that a study to determine the possible presence of lead-based paint and ACBM (asbestos-containing building materials) be conducted prior to demolition or adaptation to these structures.

The gasoline dispensing facilities that were once associated with the service station facility, including underground storage tanks have been removed. Soil samples taken contained trace concentrations of petroleum hydrocarbons that are below regulatory action limits and represent a "de minimus" condition.

Two active domestic wells and one abandoned domestic well were observed during the site visit. The abandoned domestic well is not capped but has been contracted for capping in the near future. No other potential problems with hazardous materials, e.g., ground and /or vegetation staining were observed during the ESS site visit and the property is compatible with the proposed future use as an addition to the State Park access to the beach.

Other:

- The purchase price shall not exceed the estimated fair market value of the property based on a DGS approved appraisal.

- There is no implied dedication on the property.
- The non-profit Trust for Public Lands (TPL) is the current owner of the property.
- The property includes a vacant residence, and a non-operating 14-unit motel and café. There is an on-site property manager under contract with TPL to perform basic maintenance and installation activities on the property. The property manager was brought in by TPL to protect the property until TPL was able to resale the property. The Contractor understands that no relocation assistance would be involved with this project.
- The Department of Parks and Recreation (DPR) will be acquiring this parcel as an addition to the San Simeon State Park. Although the parcel includes some structures, the intent at this time is to use the acquisition primarily as an access point to the surrounding beaches and trails. There will be no public access to the facilities at this time. Therefore, the management plan is to provide periodic patrols of the property as part of the routine patrols for the entire park unit. As such, no additional support needs are anticipated with the acquisition of this property.
- While DPR does not foresee changes at this time to public access, development, or resource needs, any such changes will be addressed through the normal budget process.
- The DPR is not aware of any lawsuits pending concerning the property. The Property Acquisition Agreement (PAA) will require delivery of title to the property free and clear of any mortgages or liens.

Staff Recommendation: Authorize site selection

CONSENT ITEM

CONSENT ITEM – 8

DEPARTMENT OF GENERAL SERVICES (1760)
DEPARTMENT OF PARKS AND RECREATION (3790)
THE FOREST OF NISENE MARKS STATE PARK, MALLEY (SAVE-THE-REDWOODS LEAGUE)
SANTA CRUZ COUNTY
DPR Parcel Number 003264-77, DGS Parcel Number 10443

*Authority: Chapter 106/01, 3790-301-0005(28),
as reappropriated by Chapter 208/04, Item 3790-491
Chapter 157/03, Item 3790-301-6029(10),
as reappropriated by Chapters 47 and 48/06, Item 3790-491*

Authorize site selection consistent with staff analysis

APPROVE 3/0

CONSENT ITEM

STAFF ANALYSIS ITEM – 8

Department of General Services
Department of Parks and Recreation
The Forest of Nisene Marks State Park, Malley (Save the Redwoods League)
Santa Cruz County

Action requested

The requested action will authorize site selection for this project.

Scope Description

This project is within scope. This request will authorize Department of Parks and Recreation (DPR) to acquire 0.5 acres of land, which is an inholding in The Forest of Nisene Marks State Park. This acquisition helps DPR fulfill two important missions: the acquisition of inholdings in the state park system and the long-term preservation of sustainable redwood forest ecosystems.

Funding and Cost Verification

This project is within cost. Chapter 157/03, Item 3790-301-6029(10), as reappropriated by Chapters 47 and 48/06, Item 3790-491, provides a total of \$35,000,000 for the acquisition of high priority parcels of land. The balance of the appropriation is sufficient for overhead costs (e.g., title and escrow fees and Department of General Services (DGS) staff time to conduct due diligence) of the subject property in accordance with legislative intent.

Project Schedule

The project schedule is as follows:

The anticipated close of escrow is March 2007.

CEQA

Notice of Exemption was filed with the State Clearinghouse on December 19, 2006, and the 35-day waiting period will expire on January 22, 2007.

Condition of Property

On December 18, 2006, staff of the Department of General Services's Environmental Services Section (DGS-ESS) conducted a site survey of the proposed acquisition of an approximately half-acre parcel in the Santa Cruz Mountains in Santa Cruz County. The parcel is situated at the edge of the Forest of Nisene Marks State Park. The purpose of the acquisition is to secure an in-holding with ecological value that is situated on the park's boundary.

The subject parcel consists of a flat pad that served as a site for a former cabin; the parcel includes a perimeter of healthy, mature second-growth redwood forest. Access to the site is from a poorly-improved dirt road that serves the back of the park and adjacent private lands. The road has a locked gate at the county road to prevent motorized entry to these properties by unauthorized vehicles. All the former improvements on this parcel, including a small cabin, household debris, and a water system, have been fully removed. With the exception of the level areas where the cabin and parking spaces were, the parcel has no improvements or physical alterations. A close survey of the site revealed only a few remaining pieces of galvanized water pipe that was impractical to remove, 6-8 small concrete foundation piers, and a very small amount of scattered broken glass. The septic system has been drained and sealed with sand in

conformance with county health standards. Given the past use of the property as a long-term residential retreat the property is very clean and free of debris and building materials.

The parcel is in a remote area of the Santa Cruz Mountains. With the exception of two other small cabins on adjacent parcels (about 300-600 yards away) the area has no history of urban development, industrial use, or hazardous materials storage and/or disposal. The area was probably logged in the early 1900s but the parcel now supports a substantial stand of stable second-growth redwoods and other native vegetation.

Because of the rural nature of the parcel and the diligent efforts to remove the previous cabin and associated debris DGS-ESS believes there is no need to prepare a formal Phase I preliminary site assessment for this acquisition. DGS-ESS does, however, recommend that once title transfers the Department of Parks and Recreation should be prepared to block off the steep four-wheel drive path that starts at the edge of the parcel (note: this road has no easement, it is an informal access used by neighboring property owners that has some potential to cause erosion). Blockage of this road can be accomplished very simply with either logs or a few large rocks.

Other

- This property consists largely of mature second growth redwood forest.
- The purchase price will not exceed the estimated fair market value as determined by an appraisal reviewed by DGS.
- There is no implied dedication applicable to this property.
- The property is vacant and unimproved.
- There is no relocation assistance involved with this project.
- The DPR is not aware of any lawsuits pending concerning the property. The Property Acquisition Agreement will require delivery of title to the property free and clear of any mortgages or liens.
- While DPR does not foresee changes at this time to public access, development or resource needs, any such changes will be addressed through the normal budget process.
- This proposed acquisition is a .5 acre parcel in-holding within Santa Cruz Mountains near the Forest of Nisene Marks State Park. The parcel is essential to maintain the redwood forest ecosystems. Since this is a .5 acre inholding acquisition, the DPR can absorb ranger patrol of this parcel with existing staff as part of its normal activities. Operating expenses are expected to be minimal and can be absorbed with existing resources for the continued operation.

Staff Recommendation: Authorize site selection

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CONSENT ITEM

CONSENT ITEM – 9

DEPARTMENT OF GENERAL SERVICES (1760)
DEPARTMENT OF PARKS AND RECREATION (3790)
OCEANO DUNES STATE VEHICULAR RECREATION AREA, LA GRANDE BEACH TRACT
SAN LUIS OBISPO COUNTY
DPR Parcel Number 6074-77, DGS Parcel Number 10438

*Authority: Chapter 106/01, Item 3790-301-0263(1),
as reappropriated by Chapter 208/04, Item 3790-491*

- a. Recognize scope change
- b. Authorize site selection
- c. Authorize no-cost option to purchase

ITEM PULLED

CONSENT ITEM

STAFF ANALYSIS ITEM – 9

ITEM PULLED

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CONSENT ITEM

CONSENT ITEM – 10

DEPARTMENT OF GENERAL SERVICES (1760)
CALIFORNIA STATE UNIVERSITY (6610)
CALIFORNIA MARITIME ACADEMY EXPANSION
COUNTY OF SOLANO

Project No. CSU 003, DGS Parcel No. 10203

*Authority: Chapter 157/03, Item 6610-301-6028(2), as reappropriated
by Chapter 208/04, Item 6610-493(2)
Chapter 208/04, Item 6610-301-6041(1.5)
Chapter 47 and 48/06, Item 6610-301-6028(2)
Chapter 47 and 48/06, Item 6610-491(1)*

Authorize acquisition consistent with staff analysis

APPROVE 3/0

CONSENT ITEM

STAFF ANALYSIS ITEM – 10

Department of General Services
California State University
California Maritime Academy Expansion
Solano County

Action requested

The requested action will authorize acquisition for this project.

Scope Description

This project is within scope. The Legislature approved funding for acquisition of property adjacent to the Maritime Academy in Solano County for development of campus facilities and parking. This request will authorize site acquisition of approximately 5 acres of vacant land contiguous to the campus to improve access to the Maritime Academy and provide a suitable site for a new facility required for academic programs for the academy and student training necessary for Coast Guard certification.

Funding and Cost Verification

This project is within cost. Chapter 157, Statutes of 2003, Item 6610-301-6028(2) as reappropriated by Chapter 208, Statutes of 2004, Item 6610-493(2) provides \$1,301,000 and Chapter 208, Statutes of 2004, Item 6610-301-6041(1.5) provides \$1,914,000 for this project. This property can be acquired with the funds available and in accordance with Legislative intent.

Project Schedule

The project schedule is as follows:

The anticipated close of escrow is February, 2007.

CEQA

A Notice of Determination was filed with the State Clearinghouse on May 16, 2002. Staff from the Department of General Services (DGS), Environmental Services Section (ESS) conducted a site inspection of the acquisition property on October 24, 2006 and has determined that this filing remains valid.

Condition of Property

Department of General Services, Environmental Services Section (DGS/ESS) personnel conducted an on-site condition of property (COP) inspection on October 24, 2006. The property is known as the Hancock parcel to be acquired by California Maritime Academy located in Vallejo, CA. Accompanying DGS/ESS personnel was Mark Nickerson, Vice President for Administration and Finance for the Maritime Academy. The property is slightly sloping and is approximately 5 acres. It is proposed for development of campus facilities and parking and is bounded by the Academy and residential homes. The property had recently been disked and was clean of debris. There is no new development near the site and no other changes were observed as noted from the previous DGS/ESS site visit, dated October 14, 2003 where no potential problems with hazardous materials or the condition of the property were observed during the site visit. The property appears compatible with the proposed future use. Based upon the findings of the ESS review and site visit, and based on the findings and recommendations of the Master Plan EIR, ESS staff finds that the evaluation for hazards is complete and adequate, and the property acquisition appears to be consistent with the intended use.

Other:

- The purchase price shall not exceed estimated fair market value as determined by a DGS approved appraisal.
- The CSU Board of Trustees approved acquisition of this property on May 15, 2002.
 - CSU is not aware of any lawsuits pending concerning the property.
 - The Property Acquisition Agreement will require delivery of title to the property free and clear of any mortgages or liens.
 - The State Public Works Board approved site selection for this project on May 14, 2004.
- The proposed site meets the location requirements of the California State University.
- There is no relocation assistance involved with this property.
- There is no implied dedication involved with this project.
- The acquisition phase of the project includes acquiring the fee simple interest of multiple adjoining parcels totaling approximately 6 acres. The proposed site is comprised of the primary portion of the project containing approximately 5 acres of vacant land area. Acquisition of the remaining parcels totaling approximately 1 acre in size are currently being negotiated.

Staff Recommendation: Authorize acquisition

CONSENT ITEM

CONSENT ITEM – 11

DEPARTMENT OF CORRECTIONS AND REHABILITATION (5225)
DEUEL VOCATIONAL INSTITUTION, GROUNDWATER TREATMENT/NON-POTABLE
WATER DISTRIBUTION SYSTEM
SAN JOAQUIN COUNTY

*Authority: Chapter 208/04, Item 5240-301-0001(3)
Chapters 38 and 39/05, Item 5225-301-0001(9)
Chapters 47 and 48/06, Item 5225-301-0001(6)*

Approve augmentation

\$3,534,000
(13.2 percent total project)

APPROVE 3/0

CONSENT ITEM

STAFF ANALYSIS ITEM – 11

Department of Corrections and Rehabilitation
Deuel Vocational Institution
Groundwater Treatment/Non-Potable Water Distribution System
San Joaquin County

Action Requested

The requested action will approve an augmentation to the construction phase and realign costs to the appropriate categories.

Scope Description

This project is within scope. This project includes construction of a water treatment plant and non-potable water distribution system at the Deuel Vocational Institution (DVI). The project includes groundwater treatment by reverse osmosis (RO), a water regulating tank, brine drying and disposal, and the electrical system upgrades to accommodate the RO system and drying process. The non-potable water distribution system will include a pumping system, storage tank, new transformer and motor control circuits, and piping.

Funding and Project Cost Verification

This project is not within cost. The Department of Corrections and Rehabilitation (CDCR) is requesting an augmentation of \$3,534,000 for the construction phase of the project. The budget for construction was developed by estimating the engineering, permitting, construction management costs based on the project's complexity. Detailed construction costs were developed from final design documents. The CDCR has conducted two bid solicitations and has received no more than three bids from interested contractors. In Round 1 the lowest bid exceeded the CDCR's estimate of the construction phase by 19 percent. Reasons for the difference between the bid and the State's cost estimate were found by the CDCR to be a shortage of suitable subcontractors and, as a result, a lack of competition between contractors. After extensive marketing, the CDCR rebid the construction phase. The lowest bid for the construction phase fell to \$30.7 million, approximately 13 percent above the CDCR's estimate.

Included in the total augmentation of the construction phase, the CDCR is requesting an additional \$73,000 for engineering and permitting costs associated with complying with Regional Water Quality Control Board's Quality Assurance requirements. These requirements include independent inspection and testing services. The services will provide independent verification that the facility was constructed as designed and approved by the Regional Water Quality Control Board. This total requested augmentation of \$3,534,000 results in a total augmentation to date of 13.2 percent.

On December 27, 2006 the Department of Finance notified the chairs of the Joint Legislative Budget and the Senate and Assembly Appropriations Committees of its recommendation that the Public Works Board approve this augmentation after January 17, 2007.

\$29,055,000 total authorized project cost

\$32,589,000 total estimated project cost

\$29,055,000 project cost previously allocated: preliminary plans \$624,000; working drawings \$1,308,000; project administration \$1,630,000; agency retained \$195,000; and construction \$25,298,000 (\$23,240,000 contract, \$1,162,000 contingency, and \$896,000 A&E)

\$3,534,000 net augmentation: project administration -\$1,164,000; and construction \$4,698,000 (\$3,296,000 contract, \$165,000 contingency, and \$1,237,000 A&E)

CEQA

A Notice of Determination was filed with the State Clearinghouse on April 7, 2006, and the waiting period expired on May 8, 2006, with no public comment.

Project Schedule

The project schedule is as follows:

Complete Construction: November 2008

Due Diligence

Due diligence was completed in July 2006.

Staff Recommendation:

Approve augmentation and realign cost to the appropriate categories contingent upon expiration of the 20-day notification period

CONSENT ITEM

CONSENT ITEM – 12

DEPARTMENT OF CORRECTIONS AND REHABILITATION (5225)
KERN VALLEY STATE PRISON, ARSENIC REMOVAL TREATMENT SYSTEM
KERN COUNTY

Authority: Chapter 38, Statutes of 2005, Item 5225-301-0001 (22)
Chapter 47, Statutes of 2006, Item 5225-301-0001 (25)

- a. Approve preliminary plans
- b. Recognized anticipated deficit in construction phase \$197,000
(6.6 percent of the total project)

APPROVE 3/0

CONSENT ITEM

STAFF ANALYSIS ITEM – 12

Department of Corrections and Rehabilitation
Kern Valley State Prison
Arsenic Removal Treatment System
Kern County

Action Requested

The requested action will provide approval of the preliminary plans and recognize anticipated deficit.

Scope Description

This project is within scope. The project will provide a new arsenic water removal system to reduce arsenic concentrations in the Kern Valley State Prison potable drinking water. The new system will consist of two reaction vessels, one horizontal or vertical filter, chemical injection equipment, backwash recovery equipment, and associated valves, piping and controls. The treatment system will be controlled remotely by a programmable logic controller and monitored using Supervisory Control and Data Acquisition software.

Funding and Project Cost Verification

This project is not within cost. **The construction costs have increased due to a recent rapid rise in the CCCI index and additional escalation resulting from delays in proceeding to bid. The costs categories are being adjusted to reflect the increased project costs.**

\$2,977,000	total authorized project cost
\$3,174,000	total estimated project cost
\$2,977,000	project cost previously allocated: preliminary plans \$260,000; working drawings \$240,000; project administration \$219,000; agency retained \$162,00; and construction \$2,096,000 (\$1,996,000 contract, \$100,000 contingency, and \$0 A&E)
\$197,000	anticipated deficit/realignment: project administration -\$57,000; agency retained -\$162,000; construction +\$197,000 (+\$188,000 contract; +\$9,000 contingency, and +\$219,000 A&E)

CEQA

The Notice of Determination was filed with the State Clearinghouse on November 7, 2006. The 30-day litigation period ended on December 8, 2006, with no public comment.

Project Schedule:

The project schedule is as follows:

Completion of Working Drawings	June 2007
Start Construction	September 2007
Complete Construction	June 2008

Due Diligence:

Due Diligence was completed in September 2006.

Staff Recommendation: Approve preliminary plans and recognize anticipated deficit in construction

CONSENT ITEM

CONSENT ITEM – 13

**CALIFORNIA COMMUNITY COLLEGES (6870)
BUTTE-GLENN COMMUNITY COLLEGE DISTRICT, INSTRUCTIONAL ARTS FACILITY
BUTTE COLLEGE, BUTTE COUNTY**

Authority: Chapters 47 and 48/06, Item 6870-303-6049(1)

Approve preliminary plans

APPROVE 3/0

CONSENT ITEM

STAFF ANALYSIS ITEM – 13

California Community Colleges
Butte-Glenn Community College District; Instructional Arts Facility
Butte College, Butte County

Action Requested

The requested action will approve preliminary plans.

Scope Description

The project is within scope. The project provides a 47,835 assignable square feet (asf) performing arts building consisting of 1,000 asf lecture, 29,380 asf lab, 2,850 asf office, and 14,605 asf of other performing arts space.

Funding and Project Cost Verification

The project is within cost.

\$25,323,000 total authorized project costs

\$25,323,000 total estimated project costs

\$845,000 project costs previously allocated: preliminary plans \$277,000 state funds;
\$568,000 district funds at CCCI 4421

\$12,383,000 state project costs to be allocated: working drawings \$165,000; construction
\$11,218,000 (\$9,126,000 contracts; \$1,014,000 contingency; \$1,078,000
construction management, administration, testing and inspection) at CCCI 4421
and equipment \$1,000,000 at EPI 2726

\$12,095,000 local funds to be allocated: working drawings \$730,000, and construction
\$11,150,000 (\$11,150,000 contracts at CCCI 4421) and equipment \$215,000 at
EPI 2726

CEQA

The district filed a Negative Declaration to meet the CEQA requirements, state reference number 2002022100 filed on May 7, 2002 and the public comment filing period has expired with no comments.

Due Diligence

Community college districts are local entities and the state does not have title to their real property, hence districts acknowledge that they have full responsibility for clearing due diligence issues for general obligation bond projects.

Project Schedule

The project schedule is as follows:

Approve working drawings	April 2007
Complete Construction	November 2008

Staff Recommendation:

Approve preliminary plans

CONSENT ITEM

CONSENT ITEM – 14

**CALIFORNIA COMMUNITY COLLEGES (6870)
SOUTHWESTERN COMMUNITY COLLEGE DISTRICT, MUSIC BLDGS 800/850 REMODEL,
SOUTHWESTERN COLLEGE, SAN DIEGO COUNTY**

Authority: Chapters 47 and 48/06, Item 6870-303-6049 (26)

Approve preliminary plans

APPROVE 3/0

CONSENT ITEM

STAFF ANALYSIS ITEM – 14

California Community Colleges
Southwestern Community College District; Music Buildings 800/850 Remodel
Southwestern College, San Diego County

Action Requested

The requested action will approve preliminary plans.

Scope Description

The project is within scope. The project will renovate and reconstruct two instructional buildings on the Southwest College Campus.

Funding and Project Cost Verification

The project is within cost.

\$5,892,000 total authorized project costs

\$5,892,000 total estimated project costs

\$248,000 project costs previously allocated: preliminary plans \$72,000 state funds; \$176,000 district funds at CCCI 4421

\$2,933,000 state project costs to be allocated: working drawings \$35,000; construction \$2,400,000 (\$2,123,000 contracts; \$147,000 contingency; \$130,000 construction management, administration, testing and inspection) at CCCI 4421 and equipment \$498,000 at EPI 2726

\$2,711,000 local funds to be allocated: working drawings \$210,000, and construction \$2,501,000 (\$2,124,000 contracts; \$150,000 contingency; \$227,000 construction management, administration, testing and inspection) at CCCI 4421

CEQA

The district filed a Negative Declaration to meet the CEQA requirements, state reference number 2005098281 filed on September 22, 2005 and the public comment filing period has expired with no comments.

Due Diligence

Community college districts are local entities and the state does not have title to their real property, hence districts acknowledge that they have full responsibility for clearing due diligence issues for general obligation bond projects.

Project Schedule

The project schedule is as follows:

Approve working drawings	April 2007
Complete Construction	November 2008

Staff Recommendation:

Approve preliminary plans

CONSENT ITEM

CONSENT ITEM – 15

**CALIFORNIA COMMUNITY COLLEGES (6870)
SOUTHWESTERN COMMUNITY COLLEGE DISTRICT, FIRE LOOP ROAD
SOUTHWESTERN COLLEGE, SAN DIEGO COUNTY**

Authority: Chapters 47 and 48/06, Item 6870-303-6041 (1)

Approve preliminary plans

APPROVE 3/0

CONSENT ITEM

STAFF ANALYSIS ITEM – 15

California Community Colleges
Southwestern Community College District; Fire Loop Road
Southwestern College, San Diego County

Action Requested

The requested action will approve preliminary plans.

Scope Description

The project is within scope. The project will upgrade and improve the perimeter road to provide emergency vehicle access to the campus. In addition, the fire hydrant-water system will be upgraded to attain proper pressure to meet current standards.

Funding and Project Cost Verification

The project is within cost.

\$3,766,000 total authorized project costs

\$3,766,000 total estimated project costs

\$146,000 project costs previously allocated: preliminary plans \$73,000 state funds; \$73,000 district funds at CCCI 4421

\$1,810,000 state project costs to be allocated: working drawings \$88,000; construction \$1,722,000 (\$1,505,000 contracts; \$75,000 contingency; \$142,000 construction management, administration, testing and inspection) at CCCI 4421

\$1,810,000 local funds to be allocated: working drawings \$88,000; construction \$1,722,000 (\$1,505,000 contracts; \$76,000 contingency; \$141,000 construction management, administration, testing and inspection) at CCCI 4421

CEQA

The district filed a Negative Declaration to meet the CEQA requirements, state reference number 2006128042 has been and the public comment filing period has expired with no comments.

Due Diligence

Community college districts are local entities and the state does not have title to their real property, hence districts acknowledge that they have full responsibility for clearing due diligence issues for general obligation bond projects.

Project Schedule

The project schedule is as follows:

Approve working drawings	June 2007
Complete Construction	July 2008

Staff Recommendation:

Approve preliminary plans

ACTION ITEM

ACTION ITEM – 16

DEPARTMENT OF GENERAL SERVICES (1760)
SAN DIEGO RIVER CONSERVANCY (3845)
WHITE PROPERTY DONATION
SAN DIEGO COUNTY
SDRC Parcel Number 500A; DGS Parcel Number 10429

Authority: Section 5005 of Public Resources Code

Authorize the acquisition of real property through the acceptance of a no cost acquisition

ACTION DEFERRED BY BOARD

ACTION ITEM

STAFF ANALYSIS ITEM – 16

Department of General Services
San Diego River Conservancy
White Property Donation

Action requested

Authorize the acquisition of real property through the acceptance of a no cost acquisition consistent with the staff analysis.

Scope Description

This project is within scope. This request will authorize the San Diego River Conservancy (the Conservancy) to accept a no cost acquisition of 104± acres near Wynola, an unincorporated area of San Diego County. The no cost acquisition stems in part from the wishes of the late Mr. Richard E. White to preserve in perpetuity a portion of the original Witahsah Ranch for open space and conservation of its natural resources.

Acquisition of this property will: (1) allow the State of California to preserve open space, (2) maintain the land in its natural state to support wildlife habitat preservation and limited conservation research, (3) serve as the Conservancy's first land transaction to protect an important tributary for the projected 52-mile San Diego River Park, and (4) facilitate the Conservancy's efforts to create positive incentives for land owners to donate property for preservation while meeting the Conservancy's legislative objectives.

Funding and Cost Verification

This project is within cost. Chapter 121/45, Item 3845-601-094251-1945 (San Diego River Violations and Mitigation Account) currently provides capital outlay funding for the San Diego River Conservancy (Conservancy). The available funding is sufficient to pay overhead costs (e.g., title/escrow fees and Department of General Service's staff time), approximately \$85,000, to acquire the subject property in accordance with legislative intent.

CEQA

A Notice of Exemption was filed with the San Diego County Clerk May 5, 2006, and the 35-day statute of limitations expired June 9, 2006.

Project Schedule

The project schedule is as follows:

Anticipated completion: January 2007

The Conservancy will fund a baseline survey, currently, to be performed by the San Diego River Park Foundation (Foundation), a 501(c)(3) corporation, to assess the condition of the property and address hazards at the Conservancy's expense, if identified. The survey will inventory the topography, presence of invasive species and boundary conditions as well as provide an assessment of wildlife habitat, biological, cultural, historic and archaeological resources on the property. The baseline inventory, to be completed by mid 2007, will serve as the basis of the management plan described below.

Condition of Property

The Department of General Services, Environmental Services Section (DGS-ESS) staff conducted a property site visit October 20, 2006. The property consists of portions of two adjacent parcels totaling 104± acres within the County of San Diego identified as San Diego County Assessor Parcel Numbers 248-150-23 and 248-150-24 (formerly 248-150-03 and 248-150-14).

The property is undeveloped, vacant land covered with natural grass, shrub, and oak vegetation. The property consists of rolling slopes and a creek. Coleman Creek, drains generally toward the northwest of the property and into the San Diego River. Access is restricted by barbwire fence. The surrounding properties consist mainly of rural residential properties with limited agricultural activity to the north, south and east. Property to the west consists of vacant land of the Cleveland National Forest and large-acreage ranch land.

A Phase I Environmental Site Assessment (ESA) was completed May 25, 2006 and reviewed by DGS-ESS staff. The ESA was found to be in accordance with the American Society for Testing and Materials (ASTM) standard E1527-00, "Standard Practice for Environmental Site Assessments: Phase I Environmental Site Assessment Process. The ESA found no recognized environmental conditions (RECs) associated with the property and no further investigation was warranted (URS Corporation, May 25, 2006). In addition, no potential problems with hazardous materials were observed by DGS-ESS staff during the site visit and the property is compatible with the proposed future use.

Other:

- Although this property is being offered to the state at no cost, this transaction is being characterized as a no-cost acquisition in lieu of a gift because the terms and conditions (noted below) associated with this transaction are not typical of a standard gift.
- The Conservancy is not aware of any lawsuits pending concerning the property.
- The property is vacant and unimproved, and there is no relocation assistance involved with

this project.

- The property is encumbered by the California Land Conservation Act of 1965 (Williamson Act). On November 2, 2006, notification was submitted to the Director of the Department of Conservation advising the Department of the State's proposed acquisition of Williamson Act contracted land.
- Pursuant to Government Code Section 11005, gifts of real property in fee must be approved by the Director of the Department of Finance. In addition, administrative policy requires that departments requesting the approval of gifts of real property first obtain approval from the State Public Works Board (PWB).
- This transaction does not utilize a Property Acquisition Agreement (PAA) to formalize the agreement with the owner regarding the no cost fee title transfer of approximately 104 acres. A Gift Deed with attached Management Plan, are intended to be the only documents used for this transfer. Normally, a PAA is utilized for the purchase of real property and sometimes used for the acceptance of no cost acquisitions of real property, to formalize the parties' intentions and to provide protection for the State in the form of grantor representations and warranties, indemnification and agreement as to governing law. In this case, the State is acquiring this property from the long-term owner and has little reason to believe that any significant physical or legal issues exist on the property that would adversely impact Conservancy's intended use, based on knowledge regarding the history of the site and on the ESS review.

The following conditions deserve special consideration because they represent unique policy issues the Board may want to discuss:

Jurisdiction - The property straddles the jurisdictional line of the Conservancy. Approximately 32 percent of the property is located within, and 68 percent beyond, Conservancy's one-half mile jurisdictional line that extends from the San Diego River. In 2005 Conservancy sought assistance from the Attorney General to determine whether the Conservancy Board has the authority to accept the donation. The Deputy Attorney General (DAG) reviewed the enabling statute and concluded that statute does not specifically address properties that straddle the Conservancy's jurisdiction and concluded on November 29, 2005, that the decision to accept the property is a policy question for the Conservancy. The Conservancy Board voted to adopt Resolution 05-28 on December 2, 2005, authorizing the executive officer to accept the donation.

Development Restriction - As a condition of the gift deed, the property shall be subject to a development restriction running with the land and requiring the property to remain in its natural state, without roads, driveways, parking areas or further development or subdivision. Via Conservancy staff, DGS-RPSS staff requested the restriction be clarified and revised to permit existing and maintenance roads to be allowed thus enable Conservancy to maintain the property as required in the management plan. The Grantor was unwilling to clarify or revise the development restriction. While consistent with the Conservancy's intended use of the property, the ability and flexibility for the Conservancy to traverse the property for maintenance purposes may be limited, which could result in increased management costs and other operational issues.

Access – The Conservancy's access to the property is via Ritchie Road, a private unpaved dirt road beginning at rural Highway 78 leading to the property's Northeast corner. Via Conservancy staff, DGS-RPSS staff requested Grantor to define and transfer rights of access to the property. Grantor was unwilling to further define or transfer access rights to the property via the gift deed. DGS-RPSS staff has not independently verified access to the property. Conservancy staff has indicated that First American Title Insurance Company has committed to providing a \$2 million title policy (with endorsement) to insure against loss or damage for failure of the property to have access by means of a physically open road

(Ritchie Road). Although the proposed policy amount is probably sufficient to ensure access, an appraisal has not been conducted on surrounding property to determine the likely cost of securing access to the property should it be determined that the state did not receive sufficient access rights via the grant deed. To the extent the actual cost of securing access rights exceeds \$2 million the state would be liable for these additional costs.

Indemnification - This transaction does not include warranties or representations from Grantor pertaining to (A) the Grantor's authority to enter into the transaction (B) unrecorded agreements with third parties for use of the property (C) assurance from Grantor of no pending public improvements resulting in the creation of new liens against the property (D) assurance from Grantor of no uncured notices from governmental agencies notifying Grantor of any violation of law, ordinance, rule, or regulation occurring on the property. Although somewhat mitigated through the completion of an ESA Phase 1, inspection of the property, and utilization of title insurance, the State's risk of future potential liability is elevated when compared to other like transactions utilizing a PAA with the typical protections. It should be noted that the lack of indemnification language or other protections does not release the Grantor of liability under existing law.

Grantor Retained Access - As a condition of the gift deed, Grantor and Grantor's successors, assigns and invitees are to retain a perpetual access easement to the property for walking, hiking, and "passive recreational use" (an undefined term) not inconsistent with the management plan and benefiting Grantor's adjacent property. Via Conservancy staff, DGS-RPSS staff requested (1) Grantor to indemnify State from loss, damage, and liability arising from Grantor's use of the easement and mutually agree to a future termination date for the easement or (2) remove the easement condition. Grantor was unwilling to indemnify the State for the easement or limit its term. The access easement is appurtenant to Grantor's adjacent property. Although not currently zoned for subdivision, should Grantor elect to subdivide the adjacent property, this would result in an increase in the number of parties with the right to utilize the access easement. Without indemnification and term limitations, the state would also be subject to increased liability in perpetuity typically mitigated through the use of indemnification not present in this case.

The Grantor has agreed to make use of the donated property by the owner(s) of the adjoining parcel(s) subject to the conditions set out in a management plan, which is reviewed annually and could be amended if any uses of the property are inconsistent with conserving its resource value. However, even with this limitation, staff advises that approval of this item should be contingent upon the inclusion of an additional mechanism that helps ensure that the management plan is adhered to by those utilizing the access easement from of the adjoining parcel, in order to mitigate the potential for future litigation. Such a mechanism might include the adjoining property owners and guests acknowledging that they have received and understand the current management plan and agree to use the property accordingly.

Management Plan - The gift deed incorporates the form of a resource management plan by the Foundation for the Conservancy as an exhibit. The draft form of the plan contains the following provisions:

- Outlines management responsibilities and requirements for the property
- Specifies the Foundation's duties as property steward
- Requires the Foundation to conduct a baseline survey to assess property conditions
- Requires the Conservancy to pay for repairs necessary to address property hazards
- Limits public access to the property to supervised tours with a Foundation guide, unless separately authorized by the Conservancy.

However, the management plan is currently incomplete and the following issues exist:

- The management plan should be modified to include a statement that the entity managing the property under this agreement is receiving the license as “consideration” for the obligations under the management plan.
- The management plan should be revised to comply with all applicable State contracting requirements
- The requirements of Section 3.1 should be limited, which requires the Conservancy to, “pay for any repairs that are necessary to address hazards at the property.”
- The management plan should be drafted without specificity to the actual licensee that does the work for the Conservancy. In this way, the Conservancy would be free to terminate the licensee and seek a new licensee or manage the property themselves.
- The terms and provisions in the management plan and license should be consistent and the management plan should describe overall management of the property consistent with the grant deed, and the license should set forth the obligations and responsibilities of the parties
- The statement in the management plan that the Conservancy’s access is limited to protect ecological values of the property is too restrictive and gives the Conservancy and Foundation less access than that which is retained by the adjoining property owner.

The DGS-RPSS requested Grantor to remove reference to the plan from the deed, but the Grantor was unwilling to make this change. Should the deed and plan be recorded in current form, the plan becomes a recorded encumbrance against the property restricting the Conservancy’s ability to manage the property. In addition, the Foundation is required to approve all changes to the management plan, which could be problematic should the Conservancy and the Foundation not agree on a revised plan or if the Foundation were to no longer manage the property. At a minimum, staff advises that the management plan be amended to provide the Conservancy with the ability to remove the Foundation as the property owner and take on these responsibilities or select a replacement.

License – The Conservancy has entered into a non-exclusive license agreement with the Foundation for all management and maintenance of the property including interpretive tours and supervision of conservation research. Indemnification protecting the state from liability arising from licensor’s actions under the license is provided in the license. This limited-term agreement will not adversely impact the Conservancy’s intended use of the property. However, this license should be amended to be consistent with the management plan.

Clarification of Title – Currently the preliminary title report and vesting documents do not match with respect to the identity of the Grantor. This discrepancy needs to be resolved.

(continued)

It should be noted that the property being offered in this transaction is required to be given to a non-profit corporation or other entity to be managed for conservation of the natural resource values present on the property. If the state decides not to accept this gift, the property is still required to be given to another non-profit entity and protected in perpetuity. Given the substantial concerns noted above and the fact that the state will not have complete control of the management of this property, it is unclear how the state's ownership of this property benefits the public enough to justify the state taking on additional, and potentially substantial liability.

Staff Recommendation: **Defer action on this request until the following issues have been resolved:**

- 5. Agreement by the Grantor to permit termination of Grantor-retained access if ownership of the Grantor's adjoining parcel is transferred outside of the White family or a trust controlled by the White family.**
- 6. Acceptance by the Grantor of an appropriate mechanism to allow enforcement of the management plan.**
- 7. Revision of the license and management plan to address the issues identified in the staff analysis.**
- 8. The Title and Vesting Documents should match the commitment for Title Insurance.**

ACTION ITEM

ACTION ITEM – 17

DEPARTMENT OF GENERAL SERVICES (1760)
CALIFORNIA CONSERVATION CORPS (3340)
TAHOE BASE CENTER RELOCATION
EL DORADO COUNTY

*Authority: Chapter 157/03, Item 3340-301-0660 (1),
as partially reappropriated by Chapter 208/04, Item 3340-490
and Chapters 38 and 39/05, Item 3340-490,
as partially reverted by Chapters 47 and 48/06, Item 3340-495;
Chapters 47 and 48/06, Item 3340-301-0660 (1)*

Authorize option to purchase

APPROVE 3/0

ACTION ITEM

STAFF ANALYSIS ITEM – 17

Department of General Services
California Conservation Corps
Tahoe Base Center Relocation
El Dorado County

Action requested

The requested action will authorize an option to purchase for the acquisition phase this project.

Scope Description

This project is within scope. The Legislature approved funding to acquire and construct a new residential facility to provide permanent facilities for corpsmembers in the Meyers/South Lake Tahoe area. This project will include the renovation of an existing residence building, construction of a new multipurpose/kitchen building, new administration building and new one story garage and shop building. The project will include acquisition of two adjacent parcels that include Sterling Village (a partially renovated residential facility) and Yank's Station (an unoccupied retail space), and the acquisition of a vacant California Highway Patrol facility. The State Public Works Board approved a scope change on October 8, 2004 to allow the acquisition of the current proposed property and to provide additional flexibility to combine one or more programmatic areas within the existing buildings as needed. By not specifying the exact size and number of buildings to be constructed, it was determined that this added flexibility would allow a more cost effective use of project funds.

Funding and Cost Verification

This project is within cost. Chapters 47 and 48, Budget Act of 2006, Item 3340-301-0660 (1), provide a total of \$26,207,000 for acquisition, preliminary plans, working drawings, and construction for this project, including \$7,507,000 allocated for acquisition (\$6,000,000 for Sterling Village, \$1,020,000 for Yanks Station, \$210,000 for the vacant CHP property, \$150,000 for the Purchase Option, and \$840,000 for other costs). The project costs are as follows:

\$26,680,000 total authorized project costs

\$26,680,000 total estimated project costs

\$473,000 project costs previously allocated: acquisition \$473,000

\$26,207,000 project costs to be allocated: acquisition \$7,507,000, preliminary plans \$769,000, working drawings \$998,000, and construction \$16,933,000 (\$13,726,000 contract, \$961,000 contingency, and \$2,246,000 A&E).

CEQA

The environmental documents are currently being prepared and will be filed in accordance with all applicable laws. It is estimated that the CEQA will be completed by April 2007.

Due Diligence

The due diligence investigation for site acquisition is currently being conducted. A due diligence document will be prepared to address the condition of title and any issues that may impact the quiet enjoyment of the property for the bond-financed facility.

Project Schedule

The project schedule is as follows:

The anticipated close of escrow is May 2007.

Other:

- The property is currently operated by the California Conservation Corps (CCC) under a lease executed in August 2004, which expires in September 2007. While this lease includes a purchase option provision, it did not specify a purchase price because a Department of General Services (DGS) approved appraisal was not available at the time. Through ongoing negotiations, the Lessor (property owner) of Sterling Village has agreed to enter into a contractual agreement with the state, thereby enabling the state to secure a specific purchase price for the property prior to expiration of the lease term. Because the acquisition of this property cannot take place until April 2007 at the earliest, once CEQA and other regional planning requirements are met, the proposed purchase option will ensure that the state can acquire the property when needed.
- The purchase price of the Sterling Village property shall not exceed estimated fair market value as determined by a DGS-approved appraisal.
- The CCC is not aware of any lawsuits pending concerning the property.
- A Property Acquisition Agreement will be utilized to formalize the option to purchase and require delivery of title to the property free and clear of any mortgages or liens.
- The option to purchase enables the state to decline to proceed with the acquisition at any time prior to the close of escrow and at no additional liability to the state.
- The terms of the option to purchase and the Property Acquisition Agreement require the Lessor to waive and settle all claims, to date, against the state, for any costs incurred by the Lessor for property improvement defects resulting from unauthorized alterations conducted

by the state and for any costs incurred by the Lessor for structural repairs resulting from the state's seismic evaluation study for the proposed acquisition. The Lessor also will diligently prosecute to completion the repairs and/or alterations necessary to obtain Fire Marshal approval of the property and remedy the building deficiencies. The state and the Lessor agree that the cost of the option to purchase will absolve and hold the state harmless from any and all future claims related to the alterations which have been performed by the state to date.

- The option to purchase the Sterling Village property at a specific price is critical to the short and long-term viability of this project. Based on years of searching for suitable facilities for the CCC's Tahoe Base Center, it has been determined that there are no other pre-existing housing options currently available in the Tahoe Basin to meet the CCC program requirements. It is unlikely that an alternative site could be located or constructed within the next 4 to 5 years. Furthermore, it is estimated that should this project not move forward at this time, an alternative project would be significantly more costly, as construction costs continue to escalate.
- Should the CCC be unable to acquire the subject property and the CCC is unsuccessful in negotiating an extension to the current term of the lease, the CCC would be forced to either find temporary housing for staff (preferably in the Tahoe Basin) or terminate operations in this area. Relocating staff outside the Tahoe Basin would significantly diminish the CCC's ability to carry out operations in this area and relocating to temporary facilities would likely increase operational costs to the extent hotels and other costlier housing options are necessary. In addition, should the CCC need to vacate the facility, the state will be subject to a substantial cost in returning the facility to its pre-lease condition.
- Because the budget authority for the project did not specifically authorize entering into a purchase option as part of this acquisition, the Attorney General's Office was consulted to help clarify the Board's authority in this situation. Given the unique circumstances associated with this project, it was ultimately determined that the Board does have the authority to approve this transaction. It should be noted that while the unique conditions that apply to this transaction warrant the authorization of an option to purchase in this case, this request should not be considered as setting a precedent. Similar requests in the future will be evaluated on a case-by-case basis only.

Staff Recommendation: Authorize option to purchase

OTHER BUSINESS

OTHER ITEM – 18

Reaffirm the minutes and ratify the actions of the Board at the November 18, 2006 SPWB meeting

APPROVE 3/0

REPORTABLES

To be presented at meeting.

Respectfully Submitted
By:

Karen Finn
Administrative Secretary